

Personal Financial Management - Lesson 11

Financial Planning for Deployment

ENABLING OBJECTIVES:

Upon completion of this lesson, students will be able to:

- 11.1 State two reasons for having a sound financial plan in place prior to deployment
- 11.2 Identify and define two legal documents that should be in place prior to deployment.
- 11.3 Describe how to handle ongoing financial responsibilities while deployed
- 11.4 (Married personnel) Describe how financial responsibilities will be divided and who will be responsible for what
- 11.5 Identify sources for help for financial assistance prior to deployment

REFERENCES:

- 1. OPNAVINST 1740.5 (Personal Financial Management Education, Training and Counseling Program)
- 2. U.S. Navy's Personal Financial Management Standardized Curriculum (PERS 662)
- 3. OPNAVINST 1740.1 Fleet and Family Support Center Program
- 4. Command Financial Specialist Training Manual NAVPERS 15608C

SLIDES:

- 11-1 Lesson 11 Title Slide
- 11-2 Reasons for Planning
- 11-3 Legal Documents
- 11-4 Wills
- 11-5 Military Documents
- 11-6 Power(s) of Attorney
- 11-7 Home Sweet Home

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- 11-15 Credit and Deployment
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- 11-19 Effects of Compound Interest

CASE STUDIES:

None

VIDEO TAPES:

None

NOTES TO THE FACILITATOR:

The main points of this topic are:

- \$ Importance of Planning for Deployments
- \$ Important Legal Documents
- \$ Members' Responsibility to Meet Financial Commitments
- \$ Sources of Help

I. INTRODUCTION

Another way the Navy will allow you to “see the world” is by being deployed. Deployment differs from the official travel we discussed in the last hour in that it is for longer durations, up to six months or more, and is on board ship or to remote locations. It is therefore very important that you have your financial house in order prior to a deployment.

II. REASONS FOR PLANNING

There are several reasons why sound deployment planning is a must. First, proper planning will all but eliminate the stress that could be associated with meeting your financial responsibilities while absent for an extended period of time, often to locations with limited communications and mail service. Prior planning will also enable you to maximize the benefits of additional pay and allowances you will receive while in a deployed status. A third benefit is that financial planning forced on you by a potential deployment can be continued after you return and you will realize all the associated benefits we have discussed throughout this course.

SHOW SLIDE 11-1 FINANCIAL PLANNING FOR DEPLOYMENT

Note to facilitator

Ask the following question:
Why financial planning for deployment?

SHOW SLIDE 11-2 REASONS FOR PLANNING

III. LEGAL DOCUMENTS

There are several legal documents everyone should consider, prepare, or review prior to a deployment. These include wills, military records, and, possibly, powers of attorney.

- A. Every adult should have a will. Period. Even if you are single, have no children and few assets, a will provides welcome guidance for those who must settle your affairs in the event of a sudden death. Your Navy Legal Service Office will prepare your will free of charge. You should give copies of your will to your next of kin and the person you have named as executor, if he or she is different from your next of kin. Be sure to update your will immediately as personal or family circumstances change.

- B. Planning for deployment is also a good time to ensure military documents are up to date. The individual you have listed as your next of kin on page 2 of your service record is the person who will be notified in the event of your death. Inaccurate information can cause delays in proper notification, and potential embarrassment to those charged with this sad duty. Likewise, benefits from your SGLI policy will be paid to the beneficiary you designate, therefore it is important to keep this data current.

SHOW SLIDE 11-3 LEGAL DOCUMENTS**SHOW SLIDE 11-4 WILLS****SHOW SLIDE 11-5 MILITARY DOCUMENTS**

C. Powers of attorneys are powerful legal documents. They grant another person power to act in your behalf. Actions taken by another in your behalf using a power of attorney have the same legal weight, ramifications, and repercussions as if you had taken the action yourself. Given to, and used by, persons to whom you have close ties, they can alleviate many problems associated with deployments. Misuse by ones who do not have your best interest at heart can cause personal pain and financial ruin.

1. There are two types of these documents; general and special/specific. A general power of attorney allows the holder to take any and all actions in your behalf; sell your CD collection for a dollar for example. A special or specific power of attorney (the terms are used interchangeably) limits the holder's power to the specific item(s) stated in the document. Single parents would be wise to give a specific medical power of attorney to their child care provider.
2. Either type is granted for a specified period of time. Limit the time to the anticipated period of deployment, certainly no longer than one year. Your Navy Legal Service Office will be glad to prepare your POA.

SHOW SLIDE 11-6 POWER(S) OF ATTORNEY**CLICK FOR BULLET****NOTE TO FACILITATOR**

Tell students that a Power of Attorney CAN and WILL spend your money, so be careful and selective in who you designate to receive one!

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IV. HANDLING FINANCIAL RESPONSIBILITIES

When you are at home station, routine matters are usually just that – routine. If there are minor hiccups, you are quickly aware of them, and able to take prompt action.

But just as soon as you leave on deployment, Murphy's Law takes over.

Obviously, the way to keep Murphy at bay is to properly plan for your deployment. Some of the key areas you should look at are shown here.

SHOW SLIDE 11-7 HOME SWEET HOME

SHOW SLIDE 11-8 MURPHY'S LAW

SHOW SLIDE 11-9 PLANNING FOR DEPLOYMENT

Note to Facilitator

Ask the following question:

What are things you can do to minimize your risk and financial problems during deployment?

- A. The first question you should answer when planning for deployment is how to get your money where it needs to be. Different approaches may be required for single and married Sailors.
1. Single Sailors may want to make use of the split pay option, with enough money for routine needs being paid aboard ship, and the remainder continuing to go into their established checking account. This will reduce the temptation to overspend while retaining the option of writing a check for carefully considered special items.
 2. Couples have several options of how to handle finances during a deployment situation, including split pay. Another solution would be to establish separate checking accounts at the same financial institution. The institution would then deposit a set amount of the Sailor's direct deposit in one account each payday and the remainder in the other account. Ideally, the account that will be used to pay the majority of the bills should receive the set amount. Couples with accounts in different institutions may want to use a "D" allotment to fund the second account. If you select this option, be sure to start the allotment at least 60 days prior to deployment.

SHOW SLIDE 11-10 BANKING CONSIDERATIONS**CLICK FOR BULLET**

3. One thing that is NOT a good idea is for a couple to divvy up check pads and allow both parties to write checks from a single account. This is an engraved invitation to bouncing checks. An even worse idea is for the deployed member to retain control of the paycheck and the checkbook, and fund the family back home by mailing checks or money orders.

B. After deciding how and where you will get your pay, it's time to identify bills that will have to be paid and decide how you will pay them.

1. A good first step is to notify your creditors that you are being deployed, and of how you intend to ensure they continue to get paid. As in any situation, those to whom you owe money are much more likely to be understanding and work with you when you stay in contact and make good faith efforts to meet your obligations.

2. Use allotments, or automatic drafts from your checking account to pay known, recurring bills such as a mortgage, car loan, or insurance premiums. See if your institution has other bill paying services or features you might use.

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SHOW SLIDE 11-11 PAYING BILLS

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DISCUSSION POINT

RELATED INSTRUCTOR ACTIVITY

3. Money orders have the same drawbacks for paying bills as for funding your family's financial needs. They are time-consuming and subject to the vulgarities of deployed mail service, or lack thereof. If you do decide to use money orders, be sure to keep good records of what you sent to whom and when. Keep all receipts.

4. You may choose to rely on a friend or family member to pay bills in your behalf. Be **ABSOLUTELY SURE** it is someone you can trust. It won't be their car that gets repossessed or their credit record that is damaged.

5. Mail service on deployment is frequently delayed and may be unreliable.

C. Those of you living off base will also need to make some arrangements relative to your residence.

1. If you are renting, chances are that the military clause in your lease will **NOT** allow you to terminate solely because of a deployment. Standard clauses apply to PCS moves and discharges. If you want to terminate, talk to your landlord. If you want to, or must, maintain your lease be sure the landlord knows how he or she will be paid. Leaving post dated checks is **NOT** a good idea. If you don't have renter's insurance,

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SHOW SLIDE 11-12 HOUSING

2. If you own a home, be absolutely sure that mortgage payments will be made on time. Consider an automatic payment to the mortgage company. If you are leaving a family behind, be sure the spouse knows who to call for emergency repairs, and that he or she is aware of routine maintenance requirements. If you decide to rent your home while you are deployed, be very selective about prospective tenants. It would probably be in your best interest to use a real estate agency for this purpose.

D. You will also need to make arrangements for your vehicle.

1. Carefully check out any long term storage lots you may be considering, including deployed parking on base. . Most commercial lots are relatively inexpensive (\$8 - \$15 per month), but security and level of service can vary. Some provide a monthly start up and forms you can send to your insurance company for a rate reduction. Others have no security other than a locked gate and routine law enforcement patrols.
2. If you decide to leave your car with a friend, be sure to notify your insurance company.

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SHOW SLIDE 11-13 VEHICLES

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3. Have as much maintenance as possible taken care of before you depart. You don't want to spend your first days back home with your car in the shop; or, if you're married, you want to leave your family with safe, dependable transportation. Leave a written list of periodic maintenance requirements, and names and phone numbers of where your spouse should go if unexpected repairs are necessary.
- E. If your deployment will take place during the period for filing income taxes, you will need to decide how to handle this requirement.
1. If you need help, it's available absolutely free from on base tax centers. Assistance may also be available on larger ships.
 2. If you have confidence in your spouse's ability to file a joint return, you can complete and sign IRS Form 2848. A special or specific power of attorney will also work. If you select this option, be sure your spouse knows where to locate paperwork that may be required, and that they may seek free assistance from the tax center.

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SHOW SLIDE 11-14 TAXES

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3. You may be able to file electronically, even while deployed. If you do, and have a refund due, your best move is to have it deposited to your account by electronic transfer. This is particularly true for couples filing a joint return where a refund check would have to be endorsed by both parties to be valid.
4. If you are deployed, you have an automatic 60-day extension to file your Federal income tax return. Just write "US Navy -- Deployed outside CONUS" at the top of your return if you file between April 16 and June 15. If this is not enough time for you to file, you can get a four-month extension (until mid-August) if you mail your request by April 15. One caution for both cases -- an extension to file is NOT an extension to pay. If you owe additional taxes, and do not remit the amount owed by April 15, you will incur interest and penalties on the amount owed.
5. Also, don't forget about State returns if your home state requires them. If you and/or your spouse worked off base, you could have state tax liability, even if your home state does not have a state income tax.

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F. A deployment can offer the opportunity for you to establish a credit record, or improve your existing record. Likewise, it will give you the chance to ruin your record for a long time to come.

1. If you are married, decide who will use what credit cards prior to deployment and stick to your plan. VISA is the most widely accepted card overseas, but it could be easy to exceed your credit limit if two people are charging to the same account.
2. Single or married, keep a running account of what you have charged to a credit card. You may not receive statements in a timely manner, and overseas charges may take longer to show up on your bill. Keep a record to ensure you don't run up a bigger balance that you can afford to pay.
3. Be sure to keep all your credit card receipts and carefully monitor your statement to verify accuracy and validity of all charges that appear.
4. Using a credit card may offer you the best currency exchange rate to be had. However, you should be aware that the rate may change slightly between the time you make a purchase and the time it is recorded to your account.

SHOW SLIDE 11-15 CREDIT AND DEPLOYMENT

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5. Be SURE you understand the charges and terms that apply when using a telephone credit card for calls to or from an overseas location. Your best deal may well be the shipboard phone card that will let you use the onboard phone for about a dollar a minute.

V. SOURCES OF ASSISTANCE

Several sources of assistance are available to you prior to and during deployment.

- A. Your Command Financial Specialist, Legal Officer, Fleet and Family Support Center, and the Volunteer Income Tax Assistance office are all available to help with your pre-deployment planning. Also, don't discount asking advice from a shipmate who may already have "been there, done that, and got the T-shirt."

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SHOW SLIDE 11-16 SOURCES OF ASSISTANCE

B. If you or your family needs assistance while you are deployed, the Navy Marine Corps Relief Society and the American Red Cross may be able to help. A general power of attorney may allow your spouse to get up to \$2500 in financial assistance from the Society, or you may want to visit your NMCRS office and fill out a pre-authorization form. Absent one of these, assistance must await your approval via message traffic. The NMCRS has a toll free number that is listed in your handout materials. The primary role of the Red Cross is to verify that an emergency exists that would call for your return on emergency leave. They cannot grant the leave, only your CO can do that, but Red Cross verification of the situation will expedite the process. Remember that the Navy will pay only to return you to your base on emergency leave. If you must travel further, say to your parents' home town, you must bear these expenses.

CLICK FOR BULLET**SHOW SLIDE 11.17 SUMMARY QUESTIONS****Summary Questions**

1. What are two reasons for having a sound financial plan?
2. Name two legal documents that should be into place prior to deployment?
3. How can you handle ongoing financial responsibilities during deployment?
4. Where can I go for help?

VI. SUMMARY

During this hour, we talked about the benefits of having a sound financial plan in place prior to any deployment, and we identified legal documents that should be executed or updated prior to deployment. We spent the bulk of our time discussing how to handle your financial responsibilities while you are deployed, and ended by providing you with sources that can assist you and your family both before and during deployment.

Charles Dickens began his famous novel, *A Tale of Two Cities* with the words, "It was the best of times, and the worst of times.". All it takes to make deployments "the best of times" is planning before and self-discipline during your trip. Without proper planning, you will have "the worst of times." Best Wishes for smooth sailing!

SHOW SLIDE 11-18 SUMMARY

CLICK FOR QUOTE

SHOW SLIDE 11-19 EFFECTS OF COMPOUND INTEREST